

STATE OF LOUISIANA

DEPARTMENT OF ENVIRONMENTAL QUALITY

IN THE MATTER OF:

EXXONMOBIL CORPORATION

AI # 2638

**PROCEEDINGS UNDER THE LOUISIANA
ENVIRONMENTAL QUALITY ACT
LA. R.S. 30:2001, ET SEQ.**

* **Settlement Tracking No.**
* **SA-AE-06-0021**
*
* **Enforcement Tracking No.**
* **AE-CN-03-0313**
*
* **Docket No. 2005-4154-EQ**
*

SETTLEMENT

The following Settlement is hereby agreed to between ExxonMobil Corporation ("Respondent") and the Department of Environmental Quality ("DEQ" or "the Department"), under authority granted by the Louisiana Environmental Quality Act, La. R.S. 30:2001, et seq. ("the Act").

I

Respondent is a corporation that operates a petroleum refining and supply facility located at or near 4045 Scenic Highway in Baton Rouge, East Baton Rouge Parish, Louisiana, ("the Facility").

II

On May 24, 2005, the Department issued to Respondent a Consolidated Compliance Order and Notice of Potential Penalty, Enforcement No. AE-CN-03-0313, which was based upon the following findings of fact (among others):

The Respondent owns and/or operates the Baton Rouge Refinery (AI No. 2638) a petroleum refining and supply facility located at or near 4045 Scenic Highway in Baton Rouge, East Baton Rouge Parish, Louisiana. The facility operates under multiple Title V and State Air Quality Permits, including Air Quality Permit Nos. 2385-V0, 2589-V0, 2815-V0, 2176-V0, 2234-V0, and 0840-00015-V0.

On or about January 10, 2005, a file review of the Respondent's Baton Rouge Refinery was performed to determine the degree of compliance with the Act and Air Quality Regulations.

The following violations were noted during the course of the file review:

- A. The Department has received the Respondent's letter dated September 23, 2004, regarding an unauthorized discharge that occurred at the Respondent's facility on September 18, 2004. During this incident, 173,240 lbs of flammable vapor, 12,752 lbs of VOC, 6,342 lbs of hydrogen sulfide, 168 lbs of benzene, 57 lbs of 1,3-butadiene, 27,920 lbs of ethylene, 26,948 lbs of propylene, 5,626 lbs of butylenes, 8,929 lbs of sulfur dioxide, 302 lbs of nitrogen oxide, and 52 lbs of nitrogen dioxide were released to the atmosphere. According to the Respondent's report, the catalytic cracking units (Title V Permit No. 2385-V0) were at reduced feed rates from the impact of Hurricane Ivan and began increasing feed rates to normal levels on September 17-18, 2004. Because of the feed increase, the downstream 2 Light Ends Unit (Title V Permit No. 2589-V1) had operational difficulty handling the increase in feed rate, which caused flaring. The increased rates caused the monoethanolamine (MEA) system in the Light Ends Complex, which strips sulfur from the oil, to become saturated with hydrocarbon and caused oil to carry over to the Sulfur Plant (Air Permit 2300 (M-1)). Oil at the Sulfur Plant caused the leak rate to exceed its regulatory permitted limit at the Tail Gas Cleanup Unit (TGCU). This is a violation of Air Permit No. 2300 (M-1) and Sections 2057(A)(1) and 2057(A)(2) of the Act. The entire upset continued for several hours after the catalytic cracking units reduced feed. When the MEA system became saturated with oil it was unable to extract the normal amount of hydrogen sulfide from the NSPS gas system. The refinery NSPS fuel gas system exceeded the regulatory permitted concentration limit of hydrogen sulfide based on a 3-hour average for a total of six consecutive hours. This is a violation of 40 CFR 60.104(a)(i) which language has been adopted as a Louisiana Regulation in LAC 33:III.3003,

Title V Permit No. 2589-V1, Sections 2057(A)(1) and 2057(A)(2) of the Act. In addition, a reduction of gas-take by the downstream ExxonMobil Chemical Plant due to high hydrogen sulfide concentrations, caused pressures to increase in the 4 Light Ends Unit and a safety valve on the absorber tower lifted. As a result of the incident, 18 refinery furnaces operating under multiple permits combined for 85 occurrences of exceeding their permitted maximum hourly rate of sulfur dioxide in six (6) hours. Each permit exceedance is a violation of Title V Permit Nos. 2755-V0, 2234-V0, 2385-V0, 2447-V0, 2589-V1, 2176-V0, and Air Permit No. 2341(M-2), and Sections 2057(A)(1) and 2057(A)(2) of the Act.

- B. The Department has received the Respondent's letter dated November 2, 2004, regarding an unauthorized discharge that occurred at the Respondent's facility on October 26, 2004. During this incident, 13,791 lbs of flammable vapor, 13,208 lbs of VOC, 342 lbs of propylene, and 9 lbs of butenes were released to the atmosphere. According to the Respondent's report, on October 26, 2004, a leak occurred on the outlet flange of the E-125B propane condenser in the Ketone Dewaxing (KDLA) unit (Title V Permit No. 2341-V0). An operator making rounds at 6:30 a.m. observed a vapor cloud falling from the second level. The ExxonMobil fire squad was called out to ensure the propane was dissipated, and it was safe for the operators to enter. The release was then stopped by blocking out the condenser and venting the propane in the exchanger to the RGPU (Title V Permit No. 2589-V0). When the engineers went back to determine the quantity released it was discovered that the propane feed drum had been losing level since 1:30 a.m., which the engineers attributed to the beginning of the leak. The exchanger had been removed from service for cleaning and was returned to service on October 1, 2004. The most likely cause of the release is that bolts on the exchanger were not tightened correctly. This is a violation of LAC 33:III.905 which states, "When facilities have been installed on a property, they shall be used and diligently maintained in proper working order whenever any emissions are being made which can be controlled by the facilities, even though the ambient air quality standards in affected areas are not exceeded." Control equipment as defined by LAC 33:III.111 is "any device or contrivance, operating procedure or abatement scheme used to prevent or reduce air pollution." This is also a violation of Title V Permit No. 2341-V0 and Sections 2057(A)(1) and 2057(A)(2) of the Act.
- C. The Department has received the Respondent's letter dated November 12, 2004, regarding an unauthorized discharge that occurred at the Respondent's facility on November 5, 2004, through November 12, 2004. During this incident, 23,020 lbs of hydrogen sulfide were released to the

atmosphere from the Waste Water Treatment Unit (Air Permit No. 2363). According to the Respondent's report, on November 7, 2004, it was discovered that the water going from the Sour Water Strippers (Title V Permit No. 2589-V1) to the Waste Water Treatment Unit, had a higher than normal concentration of hydrogen sulfide. The high concentration resulted when an undetected caustic release into the Sour Water Stripper Feed system elevated the pH of the sour water to a point that the hydrogen sulfide could not be removed by steam stripping. The Respondent reports an investigation is underway to determine the source of the caustic release. According to the Respondent, the Waste Water Treatment Unit isolated the Sour Water Stripper feed to the equalization tank (TK-22) and diverted all other feed streams directly to the Waste Water Treatment Unit. The sour water being received at the Waste Water Treatment Unit was treated at reduced rates to decrease the potential for hydrogen sulfide exposure. Personnel in the area also wore personal hydrogen sulfide monitors and performed gas test in the area to ensure their safety. According to the Respondent, none of the monitors worn by the personnel in the area ever indicated any hydrogen sulfide exposure. Calculations done to determine the amount of hydrogen sulfide released showed that the Waste Water Treatment Unit had been releasing reportable quantities of hydrogen sulfide since November 5, 2004. Fenceline and area monitoring showed no evidence of the hydrogen sulfide leaving the unit. Engineers are adding a signal for the controller when high hydrogen sulfide is found in the Sour Water Stripper Bottoms. According to the Respondent, this release was preventable. The undetected caustic release into the Sour Water Stripper Feed system is a violation of LAC 33:III.905 which states, "When facilities have been installed on a property, they shall be used and diligently maintained in proper working order whenever any emissions are being made which can be controlled by the facilities, even though the ambient air quality standards in affected areas are not exceeded." Control equipment as defined by LAC 33:III.111 is "any device or contrivance, operating procedure or abatement scheme used to prevent or reduce air pollution." This is also a violation of Air Permit No. 2363, Title V Permit No. 2589-V1, and Sections 2057(A)(1) and 2057(A)(2) of the Act.

- D. The Department has received the Respondent's letter dated November 19, 2004, regarding an unauthorized discharge that occurred at the Respondent's facility on November 13, 2004, through November 15, 2004. During this incident, 990 lbs of hydrogen sulfide were released to the atmosphere. According to the Respondent's report, on November 13, 2004, it was discovered that the water going from the Sour Water Strippers (Title V Permit No. 2589-V1) to the equalization tank (TK-22) at the Waste Water Treatment Unit (Title V Permit No. 2363-V0) had a higher than average concentration of hydrogen sulfide. The high

concentration of hydrogen sulfide resulted when the Sour Water Stripper Feed pH became elevated to a point that the hydrogen sulfide could not be removed by steam stripping. The sour water being received at the Waste Water Treatment Unit was treated at reduced rates to decrease the potential for hydrogen sulfide exposure. Personnel in the area also wore personal hydrogen sulfide monitors and performed gas test in the area to ensure their safety. None of the monitors worn by the personnel in the area ever indicated any hydrogen sulfide exposure. According to the Respondent, this release was preventable. The undetected caustic release into the Sour Water Stripper Feed system is a violation of LAC 33:III.905 which states, "When facilities have been installed on a property, they shall be used and diligently maintained in proper working order whenever any emissions are being made which can be controlled by the facilities, even though the ambient air quality standards in affected areas are not exceeded." Control equipment as defined by LAC 33:III.111 is "any device or contrivance, operating procedure or abatement scheme used to prevent or reduce air pollution." This is also a violation of Title V Permit Nos. 2589-V1, 2363-V0, and Sections 2057(A)(1) and 2057(A)(2) of the Act.

- E. The Department has received the Respondent's letter dated December 2, 2004, regarding an unauthorized discharge that occurred at the Respondent's facility on November 25, 2004, through December 2, 2004. During this incident, 5,004 lbs of hydrogen sulfide were released to the atmosphere. According to the Respondent's report, on November 25, 2004, it was discovered that the water going from the Sour Water Strippers (Title V Permit No. 2589-V1) to the Waste Water Treatment Unit (Title V Permit No. 2363-V0) had a higher than average concentration of hydrogen sulfide. The high concentration of hydrogen sulfide resulted when an undetected caustic release into the Sour Water Stripper Feed system elevated the pH of the sour water to a point that the hydrogen sulfide could not be removed by steam stripping. Based on preliminary investigations, a level gauge was not working properly and was allowing caustic a path to the Sour Water Stripper. According to the Respondent, this release was preventable. The undetected caustic release into the Sour Water Stripper Feed system is a violation of LAC 33:III.905 which states, "When facilities have been installed on a property, they shall be used and diligently maintained in proper working order whenever any emissions are being made which can be controlled by the facilities, even though the ambient air quality standards in affected areas are not exceeded." Control equipment as defined by LAC 33:III.111

is “any device or contrivance, operating procedure or abatement scheme used to prevent or reduce air pollution.” This is also a violation of Title V Permit Nos. 2589-V1, 2363-V0, and Sections 2057(A)(1) and 2057(A)(2) of the Act.

III

In response to the Consolidated Compliance Order and Notice of Potential Penalty, Respondent made a timely request for a hearing.

IV

Respondent denies it committed any violations or that it is liable for any fines, forfeitures and/or penalties.

V

Nonetheless, Respondent, without making any admission of liability under state or federal statute or regulation, agrees to pay, and the Department agrees to accept, a payment in the amount of FOUR THOUSAND AND NO/100 DOLLARS (\$4,000.00), of which One Hundred Twenty-eight and 41/100 Dollars (\$128.41) represents DEQ’s enforcement costs, in settlement of the claims set forth in this agreement.

VI

The violations alleged in the Compliance Order and Notice of Potential Penalty, other than those described in Paragraph II of this Settlement, were resolved amicably through the Consent Decree entered between the State of Louisiana and Respondent, and others, in the United States District Court for the Northern District of Illinois, Case No. 05 C 5809, entered by the Honorable Rebecca R. Pallmeyer on December 13, 2005.

VII

Respondent further agrees that the Department may consider the inspection report(s), the Compliance Order and Notice of Potential Penalty, this Settlement and the Consent Decree cited above for the purpose of determining compliance history in connection with any future enforcement or permitting action by the Department against Respondent, and in any such action Respondent shall be estopped from objecting to the above-referenced documents being considered as proving the violations alleged herein for the sole purpose of determining Respondent's compliance history.

VIII

This agreement shall be considered a final order of the secretary for all purposes, including, but not limited to, enforcement under La. R.S. 30:2025(G)(2), and Respondent hereby waives any right to administrative or judicial review of the terms of this agreement, except such review as may be required for interpretation of this agreement in any action by the Department to enforce this agreement.

IX

This settlement is being made in the interest of settling the state's claims and avoiding for both parties the expense and effort involved in litigation or an adjudicatory hearing. In agreeing to the compromise and settlement, the Department considered the factors for issuing civil penalties set forth in LSA- R. S. 30:2025(E) of the Act.

X

The Respondent has caused a public notice advertisement to be placed in the official journal of the parish governing authority in East Baton Rouge Parish, Louisiana. The

advertisement, in form, wording, and size approved by the Department, announced the availability of this settlement for public view and comment and the opportunity for a public hearing. Respondent has submitted a proof-of-publication affidavit to the Department and, as of the date this Settlement is executed on behalf of the Department, more than forty-five (45) days have elapsed since publication of the notice.

XI

Payment is to be made within ten (10) days from notice of the Secretary's signature. If payment is not received within that time, this Agreement is voidable at the option of the Department. Payments are to be made by check, payable to the Department of Environmental Quality, and mailed or delivered to the attention of Darryl Serio, Office of Management and Finance, Financial Services Division, Department of Environmental Quality, Post Office Box 4303, Baton Rouge, Louisiana, 70821-4303. Each payment shall be accompanied by a completed Settlement Payment Form (Exhibit A).

XII

In consideration of the above, any claims for penalties are hereby compromised and settled in accordance with the terms of this Settlement.

XIII

Each undersigned representative of the parties certifies that he or she is fully authorized to execute this Settlement Agreement on behalf of his or her respective party, and to legally bind such party to its terms and conditions.

EXXONMOBIL CORPORATION

BY: _____
(Signature)

(Print)

TITLE: _____

THUS DONE AND SIGNED in duplicate original before me this _____ day of
_____, 2006, at _____.

NOTARY PUBLIC (ID # _____)

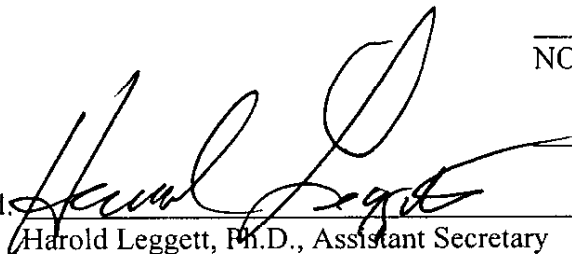
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**LOUISIANA DEPARTMENT OF
ENVIRONMENTAL QUALITY**
Mike D. McDaniel, Ph.D., Secretary

BY: _____
Harold Leggett, Ph.D., Assistant Secretary
Office of Environmental Compliance

THUS DONE AND SIGNED in duplicate original before me this _____ day of
_____, 2006, at Baton Rouge, Louisiana.

NOTARY PUBLIC (ID # _____)

Approved:  _____
Harold Leggett, Ph.D., Assistant Secretary

(Print)